

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 297 - HB 666

March 25, 2017

SUMMARY OF BILL: Creates a cost threshold of \$1,500 for medical care services before a party could avail themselves of appeal procedures pursuant to the administrator's system of utilization review.

Grants the employee the right to file a petition to toll the statute of limitations at any time after the occurrence of an injury, but before the expiration of the period for which benefits are sought.

Requires that the physicians, surgeons, chiropractors or specialty practice groups included on the employer's medical review panel not be associated in practice together.

Increases, from \$7,500 to \$10,000, the maximum amount to be paid by an employer for burial expenses in a case where death results from injury or occupational disease. Authorizes the employee to seek increased benefits, if at the time the period of compensation ends, the employee has not returned to work with the pre-injury employer or has returned to work and is receiving wages or a salary that is less than 100 percent of the wages or salary the employee received from the employee's pre-injury employer on the date of injury.

ESTIMATED FISCAL IMPACT:

**Decrease State Revenue – Net Impact –
\$100,000/Bureau of Worker's Compensation**

Increase State Expenditures – \$353,900/General Fund

Assumptions:

- Creating a cost threshold of \$1,500 for medical care services before a party could avail themselves of appeal procedures pursuant to the administrator's system of utilization review will reduce the amount of appeal reviews which the Bureau of Worker's Compensation (BWC) processes. Of approximately 1,550 appeals received and processed by the BWC's Medical Director each year, approximately 580 cases would fall below the proposed \$1,500 threshold.
- The BWC currently charges a fee of \$250 per appeal review.

SB 297 - HB 666

- The recurring decrease in fee revenue to the BWC is estimated to be \$145,000 (580 x \$250).
- Creating a cost threshold of \$1,500 for medical care services before a party could avail themselves of appeal procedures pursuant to the administrator's system of utilization review, that will reduce the workload of the BWC, will allow the BWC to reduce expenditures equivalent to two legal assistants.
- Granting the employee the right to toll the statute of limitations will result in additional filings with the Bureau.
- Prior to worker's compensation reforms in 2014, an employee had the right to toll the statute of limitations at any time after the occurrence of the injury, but before the expiration of the period for which benefits are sought. Based on information provided by BWC, an average of 6,000 filings occurred each year.
- Based on information provided by BWC, there is no fee assessed at the time of filing a petition to toll the statute of limitations. However, the Bureau confirms that cases in which a settlement is reached by a Worker's Compensation judge, a \$150 fee is assessed in addition to the remainder of the claim. BWC confirms the percentage of filings that ultimately are assessed the \$150 fee is very small. For purposes of the fiscal note, it is assumed that a minimum of five percent, or 300 (6,000 filings x 5.0%) cases will be assessed the filing fee annually as a direct result of this legislation.
- The recurring increase in filing fee revenue to the BWC is estimated to exceed \$45,000 (300 cases x \$150 fee).
- The net decrease in state revenue to the BWC is estimated to be \$100,000 (\$145,000 decrease - \$45,000 increase).
- The additional show cause hearings from the estimated 6,000 filings would require the BWC to employ one additional legal assistant in each of the BWC's eight offices to process the increased case load.
- However, net increase in personnel will result in an additional six legal assistants statewide. It is assumed the two legal assistant positions previously mentioned will be reassigned within the BWC. In addition, it is assumed that the BWC will require additional appropriations from the General Fund to fund these additional positions.
- The recurring increase in state expenditures from the General Fund for six additional positions is estimated to be \$353,868 [(\$42,500 salary + \$13,978 benefits + \$2,500 supplies) x 6 positions].
- All other provisions of the legislation are projected to be borne by private parties and will have a not significant impact to state and local governments.

IMPACT TO COMMERCE:

Increase Business Expenditures – \$2,500/Each Burial Instance

Assumptions:

- The provisions of the legislation are estimated to produce an additional six jobs within state government in Tennessee. However, it is unclear if these positions will be filled from other positions currently part of the Tennessee workforce, or will be filled with individuals that would not have been employed in Tennessee in the absence of this legislation. As a result, any impact on total jobs in Tennessee is assumed to be not significant.
- Increasing from \$7,500 to \$10,000, the maximum amount for burial expenses in a case that result in death is expected to increase business expenditures by \$2,500 in each burial instance.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/dwl